No. 15-1189

In the Supreme Court of the United States

IMPRESSION PRODUCTS, INC.,
Petitioner,

v.

LEXMARK INTERNATIONAL, INC.,
Respondent.

On Petition for Writ of Certiorari to the United States Court of Appeals for the Federal Circuit

BRIEF *AMICI CURIAE* OF AUTO CARE ASSOCIATION AND INTERNATIONAL IMAGING TECHNOLOGY COUNCIL IN SUPPORT OF THE PETITIONER

SETH D. GREENSTEIN
Counsel of Record
CONSTANTINE CANNON LLP
1001 Pennsylvania Ave., N.W.
Suite 1300 North
Washington, D.C. 20004
(202) 204-3500
sgreenstein@constantinecannon.com

Counsel for Amici Curiae Auto Care Association and International Imaging Technology Counsel

Becker Gallagher · Cincinnati, OH · Washington, D.C. · 800.890.5001

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STATEMENT OF INTEREST[1]

Amici are not-for-profit associations that, *inter alia*, represent the interests of companies that compete against original equipment manufacturers ("OEMs") for sale of replacement parts and consumable goods, and for provision of services that constitute lawful repair under the patent laws.[2]

Auto Care Association ("Auto Care") is a national trade organization of 3,000 members representing more than 150,000 independent businesses that manufacture, distribute, and sell motor vehicle parts, accessories, tools, equipment, materials, and supplies, and perform vehicle service and repair.

International Imaging Technology Council ("I-ITC") represents the interests of the imaging supplies industry, including office-machine retail and repair, office-supply retail, computer retail, repair and networking companies, and all related industry suppliers.

Companies represented by amici run the gamut from large, technologically-sophisticated entities with

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[1] The parties were given timely notice of the filing of this brief, and have consented to the filing of this brief. No counsel for a party authored this brief in whole or in part, and no counsel or party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than amici curiae, its members, or its counsel made a monetary contribution to its preparation or submission.

[2] Various industries call these repair activities "rebuilding," "recharging," "reconditioning," "customization," or "remanufacturing."

substantial intellectual property portfolios to small operators that service local customers. The automotive and imaging technology products they service and sell contain removable and consumable parts that can be repaired or refurbished many times.

Consumers buy parts and service to extend the useful life of these products and enhance the value of their investments in durable goods. Members of the amici satisfy this consumer demand by providing alternative sources of consumable and replacement parts and services at lower cost, and of quality as good or better than those offered by the OEM. Replacement products often have enhanced features compatible with, but not available on, the original equipment. Competition from the aftermarket companies represented by the amici constrains OEMs from increasing prices to supracompetitive levels, and spurs OEMs to improve quality and innovate new features to meet or surpass the alternative-sourced products.

The companies represented by amici built their businesses on the right to repair equipment—a right directly derived from the patent exhaustion doctrine. The Federal Circuit's decision below[3] threatens that right to repair, by granting patentees new ways to preclude exhaustion and, thereby, block competition that benefits domestic commerce and consumer rights. Therefore, the amici respectfully submit this brief so the Court may better understand the harm the Federal Circuit's misinterpretation of the exhaustion rule will

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[3] *Lexmark Int'l, Inc. v. Impression Products, Inc.* Nos. 2014-1617, 2014-1619 (Fed. Cir. Feb. 12, 2016) (hereinafter "*Impression Products*").

cause harm to aftermarket commerce generally and our industries in particular, and the need for this Court to grant the petition.

SUMMARY OF ARGUMENT

People have the right to repair their cars and to refill their computer printers with toner and ink. Consumers buy these durable goods with the expectation that they can fine-tune their performance and replace and repair broken and spent parts to extend their useful life. They can re-sell those products to buyers who, in turn, expect to have those same repair and resale rights. And, they have the right to exercise these normal rights and perks of ownership free from claims of patent infringement.

Fulfilling these consumer expectations is a multi-billion dollar business for independent parts manufacturers and services. Repair and customization of automotive products by independent businesses (*i.e.*, not affiliated with any auto maker or dealership) last year constituted approximately 1.9% of the American economy, more than $340 billion. Tens of billions of dollars were spent by consumers on refurbished and remanufactured printer cartridges.

All of these businesses are lawful because of this Court's long-standing precedents holding the authorized sale of a patented article exhausts the patentee's right to seek further reward upon that article. This exhaustion principle finds its roots in the common law, not in the Patent Act; and as this Court held in *Kirtsaeng*, common law exhaustion has no

geographic limitations.[4] After an authorized sale, any attempt to further restrain the post-sale rights of a purchaser is to be adjudged under contract and commercial law, but no longer is subject to the patentee's rights or a patent-based remedy. This articulation of the exhaustion rule properly balances the patent owner's exclusive rights with the consumer's right to reuse, resell, repair, and improve lawfully-acquired property, and the public interest to prevent unfair competition.

Federal Circuit decisions upend this balance, to the detriment of competition and the public interest. The two lines of cases from *Mallinckrodt*[5] and *Jazz Photo*[6] to *Impression Products* revive exhausted patent rights, and deem purchasers of domestic and imported patented goods and third party aftermarket competitors liable for patent infringement from otherwise-lawful repair. *Impression Products* would outlaw commonplace activities, such as repair and customization of elements of a personal computer, an automobile, or any products with consumable or repairable parts, and would impose patent infringement liability upon competitors who engage in otherwise lawful repair. Consumers and aftermarket competitors targeted by these post-sale restrictions

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[4] *Kirtsaeng v. John Wiley & Sons, Inc.*, 133 S. Ct. 1351, 1363-1364 (2013).

[5] *Mallinckrodt, Inc. v. Medipart, Inc.*, 976 F.2d 700 (Fed. Cir. 1992).

[6] *Jazz Photo Corp. v. Int'l Trade Comm'n*, 264 F.3d 1094 (Fed. Cir. 2001).

may not know whether the restriction exists or, even if embossed on the device itself, whether the restriction is valid or enforceable. Yet, under *Impression Products*, these consumers and aftermarket competitors could be sued and potentially held liable for patent infringement.

The threat of potentially devastating patent infringement liability chills competition by aftermarket businesses. Patent suits involve technically complex issues of infringement, claim construction, and validity, and are extremely expensive to defend. Enhanced damages, attorney fees, and preliminary and permanent injunctive relief pose intolerable risks for smaller entrepreneurial companies. By contrast, suits based on contract, as should be the norm under the Court's exhaustion rule, are far less expensive to defend and less likely to jeopardize a company's long-term survival. Reaffirmation of this Court's exhaustion rule will protect the public's right to repair and stimulate investment in aftermarket industries.

Reaffirming the scope of patent exhaustion will restore the proper balance between patent rights and antitrust law. Post-sale patent conditions and infringement lawsuits typically target competitors for supplies and repair services rather than purchasers that purportedly agreed to the restrictions. By misinterpreting the scope of patent exhaustion, the Federal Circuit necessarily proscribes lawful aftermarket competition and limits antitrust defenses – thereby restricting consumer choice, increasing consumer prices, and stifling aftermarket innovation.

ARGUMENT

I. THE COURT SHOULD GRANT THE PETITION TO RESOLVE ISSUES OF VITAL IMPORTANCE TO AFTERMARKET INDUSTRIES THAT REPAIR, CUSTOMIZE, AND RESELL PATENTED ARTICLES.

The petition for certiorari well exposes the flaws in the Federal Circuit opinion as a matter of patent law—in particular, its conflation of the distinct consequences of patent licensing versus authorized sales under this Court's precedents; and its rejection of this Court's holding that the common law principles that undergird both copyright *and* patent exhaustion have no geographic constraints.

Amici address a different failure of the Federal Circuit opinion: its presumption (despite some 15 amicus briefs to the contrary) that limiting the scope of patent exhaustion would inflict none of the types of commercial harms that so concerned the Court in *Kirtsaeng*. *Impression Products* at 56-57. As described below, Lexmark's conduct already has inflicted that very type of commercial injury on the imaging products aftermarket—stifling remanufacture of spent printer cartridges, and increasing consumer costs through supracompetitive pricing.

If other printer manufacturers follow the *Impression Products* roadmap, an independent imaging industry would cease to exist, and consumers would pay tens of billions of dollars more for cartridges that are no better than independently remanufactured alternatives. If these types of restraints were adopted by the automotive industry, the impact on competition

for parts and service, and on prices paid by consumers, would reach into the hundreds of billions of dollars.

A. The Aftermarket Industries Represented by Amici Contribute Hundreds of Billions of Dollars Annually to American Commerce.

1. Aftermarket competition contributes substantially to the American economy.[7] More than 150,000 independent businesses in the United States participate in the market for automotive vehicle equipment, parts and service, providing employment to more than 4.3 million workers. In 2015, nearly $341 billion was spent on motor vehicle repair and maintenance in the United States, or more than 1.9% of gross domestic product. Following expiration of a new car warranty, over 70% of car owners who patronize auto repair shops relied on independent repair shops over new car dealers. Approximately 20% of American consumers bought automotive parts and products to maintain, repair, and customize their own vehicles.

The right to repair motor vehicles has attained greater importance over the last decade. A steady trend shows American consumers and businesses keep their cars and trucks in service longer. On average, new car buyers in 2015 own their vehicles for 6.5 years, and used car buyers keep those cars on the road for 5.3 more years–nearly 12 years—and more than 4 years

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[7] *See, Eastman Kodak Co. v. Image Technical Servs. Co.*, 504 U.S. 451, 462 and n.6 (1992). *See also, Aro Mfg Co. v. Convertible Top Replacement Co.*, 365 U.S. 336, 357-358 (1961) (*"Aro I"*) (Justice Black, concurring).

longer than the average in 2006.[8] As cars advance in age, so does the need for consumers and businesses to repair and replace vehicle parts. Studies confirm consumers prefer to obtain parts and service from independent businesses rather than dealerships—benefitting from reduced costs, greater convenience, and higher consumer satisfaction from local repair shops and neighborhood mechanics.[9]

An estimated 2,000 domestic businesses employ some 50,000 people in the United States to recondition and repair office imaging supplies. In 2014, consumers spent more than $13 billion for repair and maintenance of electronic and precision equipment, approximately $6 billion of which was attributable to computer and office machine repair and maintenance.[10] Approximately 30% of toner and ink-jet cartridges sold

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[8] News Release, IHS, *Average Age of Light Vehicles in the U.S. Rises Slightly in 2015 to 11.5 years*, July 29, 2015, http://press.ihs.com/press-release/automotive/ average-age-light-vehicles-us-rises-slightly-2015-115-years-ihs-reports; Phil LeBeau, *Americans holding onto their cars longer than ever*, CNBC, July 29, 2015, www.cnbc.com/2015/07/28/americans-holding-onto-their-cars-longer-than-ever.html.

[9] *Independent vs. dealer shops for car repair*, Consumer Reports, Jan. 22, 2015, www.consumerreports.org/cro/magazine/ 2015/03/best-places-to-get-your-car-repaired/ index.htm.

[10] U. S. Census Bureau, 2014 Annual Services Report, Table 2: Estimated Revenue by Tax Status for Employer Firms: 2007 through 2014, www.census.gov/services/index.html.

last year were aftermarket products, at a price approximately 50-60% less than new OEM cartridges.[11]

2. Reuse and repair promote sound environmental policies, and conserve resources such as precious metals and petroleum-based plastics. Rebuilding automotive parts typically re-uses 88% of the raw material from the original parts. Rebuilding engines saves 50% of the energy required to produce a new engine. I-ITC estimates reconditioning ink and toner cartridges will keep some 84,000 tons of industrial-grade plastics and metals out of landfills this year. Every remanufactured cartridge saves an estimated 3-4 quarts of oil.[12]

Acquisition guidelines of federal agencies, state and municipal governments, and corporations give preference to purchasing refurbished and recycled products such as those produced by members of the amici.[13] Indeed, the computer printers in Court chambers likely run on recycled remanufactured cartridges.

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[11] *Compare, e.g.,* www.staples.com/Lexmark-T650H11A-Black-Return-Program-Toner-Cartridge-High-Yield/product_760469 ($496.99 new) *with* www.amazon.com/Print-Save-Repeat-Lexmark-T650H11A-Remanufactured-Cartridge/dp/B004YUDM5M ($168.95 remanufactured).

[12] *See* Clover Technologies, 2014 Sustainability Report at 9 (estimating savings of 7,177 barrels of oil from collecting nearly 23 million cartridges), www.clovertech.com/flashpages/sustainability_report/#p=9.

[13] Environmental Protection Agency, Comprehensive Procurement Guidelines, Non-paper Office Products, https://www3.epa.gov/epawaste/conserve/tools/cpg/products/nonpaperoffice.htm#toner.

B. The Petition Should be Granted, Otherwise Patent Owners Will Continue to Exploit Uncertainty Over the Scope of Patent Exhaustion to Quash Aftermarket Competition.

1. As this Court held in *Quanta*, patent rights are exhausted upon the first authorized sale, and so purchasers of patented articles have the right to use those articles free of postsale patent restraints.[14] The patentee obtains its reward through the initial authorized sale, but the sale or passage of title to a patented article exhausts the patentee's interest in that article under patent law. Exhaustion extends to any patent covering reasonable uses of the patented article.[15] If a patent owner seeks to impose any post-sale restriction on use or resale of the article, the validity and enforceability of that restriction is to be determined by state contract law – not patent law.[16]

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[14] *Quanta Computer, Inc. v. LG Elecs., Inc.*, 553 U.S. 617, 638 (2008) ("The authorized sale of an article that substantially embodies a patent exhausts the patent holder's rights and prevents the patent holder from invoking patent law to control postsale use of the article."); *United States v. Univis Lens Co.*, 316 U.S. 241, 250 (1942) ("[The patent owner's] monopoly remains so long as he retains the ownership of the patented article. But sale of it exhausts the monopoly in that article and the patentee may not thereafter, by virtue of his patent, control the use or disposition of the article").

[15] *Id.*, 316 U.S. at 250-251 (sale of the lens blank transfers ownership of the article and licenses the right to use the patent to produce the finished article).

[16] "The extent to which the use of the patented machine may validly be restricted to specific supplies or otherwise by special

2. Though patentees like Lexmark ostensibly position their post-sale conditions as a contract with the purchaser, in truth they deploy these restrictions solely to lock out aftermarket competition for products and services that otherwise would constitute permissible repair under the patent laws. As this Court recently observed, Lexmark attempts to restrict remanufacture of toner cartridges for Lexmark printers by placing contract terms on the outside of its boxes purporting to require the purchaser to return the cartridge for recycling or remanufacture only to Lexmark, and therefore not to independent remanufacturers.[17]

Currently, Lexmark stands alone among the major printer manufacturers in its attempts to leverage *Mallinckrodt* and *Jazz Photo* against competition from independent remanufacturers. Regrettably, its efforts have succeeded. Independent aftermarket companies estimate they remanufacture as much as 90-95% of the

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contract between the owner of a patent and the purchaser or licensee is a question outside the patent law ...." *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, 243 U.S. 502, 509 (1917), *citing Keeler v. Standard Folding-Bed Co.*, 157 U.S. 659, 666 (1895) ("[O]ne who buys patented articles of manufacture from one authorized to sell them becomes possessed of an absolute property in such articles, unrestricted in time or place. Whether a patentee may protect himself and his assignees by special contracts brought home to the purchasers is not a question before us, and upon which we express no opinion. It is, however, obvious that such a question would arise as a question of contract, and not as one under the inherent meaning and effect of the patent laws."). *See Quanta*, 553 U.S. at 637 n.7.

[17] *See Lexmark Int'l, Inc. v. Static Control Components, Inc.*, 572 U.S. ___, 134 S. Ct. 1377, 1383-84 (2014).

remanufactured laser printer cartridges of leading printer brands such as HP. As a result of that competition, prices for new HP cartridges fell. For Lexmark cartridges, the number is far smaller—by some estimates, a scant 5-10%—and Lexmark's prices have increased.[18]

Prior to *Impression Products*, independent remanufacturing of Lexmark cartridges was on the rise. The district courts in *Static Control* and *Impression Products* held, on the first question presented by the petition, that *Quanta* had reversed the Federal Circuit-made "conditional sales" doctrine of *Mallinckrodt*, and that Lexmark's post-sale restrictions could not be enforced against third party remanufacturers under patent law.[19] As a result, the industry had greater confidence that remanufacture of Lexmark cartridges sold domestically did not infringe Lexmark's patents. *Impression Products* has upended industry expectations, and exacerbated existing uncertainty over the future of independent remanufacturing for Lexmark and all OEM products.

3. Although printer cartridges have been the poster child for postsale restrictions on patent exhaustion, concerns for the future of remanufacturing hardly are

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[18] *See Static Control Components, Inc. v. Lexmark Int'l, Inc.*, 697 F.3d 387, 396 & n.3 (6th Cir. 2012).

[19] *Lexmark Int'l, Inc. v. Ink Techs. Printer Supplies, LLC*, No. 1:10-CV-564, 2014 WL 1276133 (S.D. Ohio Mar. 27, 2014); *Static Control Components v. Lexmark Int'l, Inc.*, 615 F. Supp. 2d 575 (E.D. Ky. 2009); *see Static Control v. Lexmark*, 697 F.3d at 421 (affirming finding of non-infringement and thereby declining to review exhaustion holding).

confined to the imaging industry. Automotive OEMs assert that copyright "first sale" exhaustion does not apply to consumers who purchase their vehicles because, they claim, consumers only license rather than purchase parts embedded with software code.[20] Consequently, in the OEMs' view, parts ranging from transmissions and oxygen sensors to window motors, seat positioning, and wipers,[21] can neither be independently manufactured nor lawfully repaired by anyone other than an OEM or authorized dealership. While the OEMs have limited their attacks on the exhaustion doctrine to copyright first sale (and anticircumvention provisions of the Digital Millennium Copyright Act), it takes little imagination to see how these OEMs could, by merely applying a "single use only" legend, use *Impression Products* to divert the

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[20] *See, e.g.*, U.S. Copyright Office, *In the Matter of Exemption to Prohibition on Circumvention of Copyright Protection Systems for Access Control Technologies*, Dkt. 2014-07, www.copyright.gov/1201/2015/reply-comments-050115/, Comments of John Deere (Mar. 27, 2015) at 5: "A vehicle owner does not acquire copyrights for software in the vehicle, and cannot properly be considered an 'owner' of the vehicle software"; *id.*, Comments of General Motors, at 10-12. The remanufacturing industry immediately understood the impact of these arguments, as did the press: *See* Mike Masnick, *GM Says That While You May Own Your Car, It Owns The Software In It, Thanks To Copyright*, Techdirt, Apr. 23, 2015, www.techdirt.com/articles/20150421/23581430744/gm-says-that-while-you-may-own-your-car-it-owns-software-it-thanks-to-copyright.shtml.

[21] *See*, Robert N. Charette, *This Car Runs on Code*, IEEE Spectrum, Feb. 1, 2009, http://spectrum.ieee.org/transportation/systems/this-car-runs-on-code. As one example, the 2015 GM sport utility vehicle platform uses some 70 modules to control physical part operations.

$341 billion currently earned by independent competitors back into their own pockets.

4. These concerns further are exacerbated by the Federal Circuit's re-imposition of geographic restrictions on exhaustion. To illustrate the flaws in the Federal Circuit's ruling, consider how the Federal Circuit's opinion eliminates patent exhaustion under the following scenarios:

- An OEM's wholly-owned foreign subsidiary assembles automobiles, and sells them to a domestic subsidiary that sells the cars to a domestic dealer, which then sells to consumers.
- An OEM's wholly-owned foreign subsidiary manufactures car parts which it sells to a domestic subsidiary, which are assembled in the United States for sale to a dealer and then to a consumer.
- OEM automobile parts made in the United States are remanufactured by the OEM's subsidiary in Mexico, then re-sold by the subsidiary to an OEM-authorized repair shop in the United States.

These are not mere hypotheticals. According to figures submitted by vehicle manufacturers to the U.S. government, virtually no automobiles and light duty trucks sold in the United States are assembled entirely from domestically-made parts, and many cars from foreign and domestic automakers are made entirely abroad and imported from plants in Canada and

Mexico, as well as Europe and Asia.[22] Restricting patent exhaustion only to domestically-sold goods thus could create havoc with automotive repair.

The realities are even worse for the imaging aftermarket. Title to a toner cartridge typically may pass in several authorized sales before it reaches the end-consumer–from an OEM to one or more retailers or middleman suppliers, and then to the end-purchaser. Lexmark's contractual restriction arises only upon opening the box and inserting the cartridge, *i.e.*, after title has passed to the end-purchaser. Yet, under *Impression Products*, none of the prior authorized sales would have exhausted Lexmark's patent rights.

Moreover, cartridges returned to Lexmark for recycling or remanufacture[23] may be refilled and repaired by Lexmark in a foreign factory, slapped with another restrictive label, and placed in a new box that asserts anew revived patent rights – and sold several more times in authorized sales.

Given that a cartridge can be repaired and refilled multiple times, title may pass to any particular cartridge in 20 or more authorized sales. Yet, the Federal Circuit's opinion grants Lexmark essentially perpetual control over the life of that cartridge, and exposes any end-purchaser that gives the cartridge to another remanufacturer, and any independent

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[22] *See* National Highway Traffic Safety Administration, American Automobile Labeling Act Reports, www.nhtsa.gov/Laws+&+Regulations/Part+583+American+Automobile+Labeling+Act+(AALA)+Reports.

[23] *Lexmark Int'l v. Static Control Components*, 134 S. Ct. at 1383.

remanufacturer, to potential liability for patent infringement.

5. Finally, *Impression Products* fails to recognize the practical impossibility for the aftermarket to know whether a particular patent owner has voluntarily acceded to patent exhaustion. Lexmark's conduct provides an object illustration of the Federal Circuit's presumptive non-exhaustion rule. Lexmark accused Static Control of active inducement and contributory patent infringement for providing components for Lexmark-manufactured cartridges under the IBM label, and sought damages and injunctive relief based on the remanufacture of spent IBM cartridges. Only years later did Static Control learn in discovery that no patent-based post-sale restrictions were asserted over hundreds of thousands of IBM cartridges.[24] If *Impression Products* is not reversed, competitors cannot presume patent exhaustion upon an authorized sale, and the ability to repair and remanufacture may only be determined through litigation. This Court's precedents provide the only sensible rule, by deeming that patent exhaustion occurs upon an authorized sale anywhere in the world.

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[24] *Static Control Components, Inc. v. Lexmark Int'l, Inc.*, 487 F. Supp. 2d 830, 854 (E.D. Ky. 2007). *See also Static Control Components, Inc. v. Lexmark Int'l, Inc.*, 697 F.3d at 417.

II. THE PETITION PRESENTS A PROPER AND TIMELY VEHICLE TO RESOLVE THESE FUNDAMENTAL ISSUES.

Patent law vests the patentee with a limited monopoly interest, the full extent of which is an exclusive right to make, use, and sell the invention or discovery or to authorize others to do so. *United States v. Univis Lens Co.*, 316 U.S. at 250. As a statutory exception to policies disfavoring monopolies, the patent right imposes some sacrifice upon social welfare in return for patent owners' contributions to the progress of science and the useful arts. The degree of sacrifice required of the public is proportional to the scope of the patent right. Any aggrandizement of private patent rights necessarily encroaches on public interests. Thus, a clear delineation of the respective rights of patentees and the purchasers and users of patented articles implicates fundamental issues for domestic and global commerce.

Long-established doctrines of patent and competition law reflect the inherent tensions between a patent owner's right to reap rewards for its invention and the right of the public to engage in commerce around the patented invention and in the patented article itself. The exhaustion doctrine performs a key role in leveling this balance. By setting clear limits on the right of a patent owner to control downstream commerce in vended patented articles, the exhaustion doctrine shapes the contours of the public's right to resell, reuse, recycle, and repair the patented article.

The exhaustion doctrine articulated by this Court struck the proper balance among those interests. But the Federal Circuit in *Impression Products* has turned

the tables, and given patent owners a "how-to" primer in preventing authorized sales from exhausting patent rights. Amici urge the Court to grant the petition, so as to restore certainty to the aftermarket, and to return fairness and equilibrium to the public and private interests implicated by patent law.

1. The petition addresses the two most pressing issues of patent exhaustion for aftermarket competition: whether the aftermarket can be shut down by a mere four words—"for single use only"; and whether a U.S. patent holder can foreclose aftermarket competition merely by moving more manufacturing jobs offshore. Both have been front-burner issues for the imaging supplies industry for the nearly 20 years since Lexmark instituted its "prebate" program. If restrictive legends have not yet taken root in other industries, it is primarily because their legality has been challenged in the market and in the courts by companies like Static Control—and because, to date, decisions on this key issue have largely favored the aftermarket industry. The geographic scope of patent exhaustion has become an equally open question since this Court's *Kirtsaeng* decision.

Whatever uneasy peace previously existed between OEMs and remanufacturing interests has ended with *Impression Products*. If the Court does not grant the petition, patent owners will become emboldened to further restrict exhaustion, and remanufacturers would be well advised to curtail their businesses so as not to become the next test case for possible certiorari to this Court. If the Court grants the petition, then patentees and their competitors know they soon will have an answer to these vexing questions.

2. Few facts are necessary to decide both these issues, and those limited facts are present in the record. The Court's decision therefore would draw bright lines that leave little room for ambiguity or equivocation in the outcome for future cases.

3. The Federal Circuit's opinion fails to alleviate any of the ambiguities that continue to frustrate today's aftermarket. Even for articles marked with a restrictive legend, the mere existence of such a "notice" does not make it *per se* valid or enforceable at law – a fact demonstrated by other post-*Mallinckrodt* cases in which the Federal Circuit held nearly-identical "single use only" product markings did *not* create a restrictive patent license.[25] Thus, even if consumers and aftermarket competitors actually see the purported post-sale notice, they cannot be expected to know what rights they have to repair devices they lawfully own. Even after *Impression Products*, these businesses and consumers still face the Hobson's choice to either stop doing business or roll the dice in a suit for patent infringement—and face the possibility of paying enhanced damages, injunctive relief, attorney fees, and costs.

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[25] *See, e.g., Kendall Co. v. Progressive Medical Tech. Inc.*, 85 F.3d 1570, 1575 (Fed. Cir. 1996), finding permissib' e repair by replacing with aftermarket parts a pressure sleeve sold in packaging marked "for single patient use only"; *Sage Prods. Inc. v. Devon Indus. Inc.*, 45 F.3d 1575, 1578 (Fed. Cir. 1995), finding repair by aftermarket replacement of used, but not spent, containers marked "single use only."

4. These issues long have percolated in the lower courts,[26] with conflicting results. District courts have attempted to interpret how the Supreme Court would rule on these issues, and how decisions such as *Quanta* and *Kirtsaeng* would or would not affect the outcome. The Federal Circuit now has reached results at odds with these district courts. Based on the scope of appellate jurisdiction of the several judicial circuits, it is unlikely that another court of appeals will have any opportunity to consider whether a different rule better comports with this Court's precedents.

As Justice Black observed in his concurrence in *Aro I*, small repair and service businesses such as those represented by amici provide vital services to the domestic economy, but need bright line rules to avoid the "disastrous or even lethal consequences" of patent infringement suits:

> [B]usinessmen are certainly entitled to know when they are committing an infringement. ... But to what avail these congressional precautions if this Court, by its opinions, would subject small businessmen to the devastating uncertainties of nebulous and permissive standards of infringement under which courts could impose treble damages upon them for making parts, distinct, separable, minor parts,

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[26] Amici note that Lexmark filed its complaint against Static Control, first raising issues relating to patent exhaustion and "prebate," in December 2002. Another early case did not seek to reverse *Mallinckrodt*, but upheld the Lexmark label as a valid contract under California unfair competition and false advertising law. *Arizona Cartridge Remanufacturers Ass'n v. Lexmark Int'l Inc.*, 421 F.3d 981, 987 (9th Cir. 2005).

> or even major parts of a combination patent, upon which parts no patent has been or legally could have been issued.[27]

The businesses of members of the amici, and consumers of aftermarket products and services, have incurred the risks of uncertainty for too long. Amici thus urge this Court to grant the petition, and to recalibrate the law in accordance with its established precedents defining the scope of exhaustion, permissible repair, and unfair competition.

CONCLUSION

The petition for certiorari should be granted.

Respectfully submitted,

SETH D. GREENSTEIN
Counsel of Record
CONSTANTINE CANNON LLP
1001 Pennsylvania Ave., N.W.
Suite 1300 North
Washington, D.C. 20004
(202) 204-3500
sgreenstein@constantinecannon.com

Counsel for Amici Curiae
Auto Care Association and
International Imaging Technology
Counsel

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[27] 365 U.S. at 358-359.